

**EFFECT OF BOKO HARAM INSURGENCY ON THE ADMINISTRATION OF
PERSONAL INCOME TAX IN MAIDUGURI METROPOLIS AND ENVIRONS,
BORNO STATE, NIGERIA**

By

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Abstract

Tax constitutes a major source of Internally Generated Revenue of Borno State, just as it is many other states of the Federation. Boko Haram insurgency, however, has brought a challenge to fiscal policy administration of the Borno state government, which includes taxation. This study examines the effects of Boko Haram insurgency on Personal Income Tax administration among Medium scale entrepreneurs in Maiduguri metropolis and environs, Borno State, Nigeria. The paper reviews Personal Income Tax Administration in Borno State from 2006 to 2017, categorising the period into pre-insurgency and during insurgency periods. A total of 155 copies of questionnaire were administered on staff of the State's Internal Revenue service and registered entrepreneurs. One hypothesis was developed and tested. Simple percentage was used in the descriptive analysis while Analysis of Variances (ANOVA) was used to test the hypothesis. The result reveals that Boko Haram insurgency has significant effect on personal income tax administration process resulting to distortion of tax assessment and tax collection, but it has less effect on remittance of PIT collected to the Revenue service. Therefore, the study concludes that Boko Haram insurgency has significant effects on taxation of micro, small and medium scale entrepreneurs in Maiduguri metropolis and its environs and recommends that the revenue authority should ensure effective and efficient tax administration by automating the system and that the tax authority should embark on serious tax awareness and compliance campaign, which is found to be weak during the Boko Haram insurgency period.

Key words: Boko Haram insurgency, tax assessment, tax collection, medium scale entrepreneur, personal income tax.

1. INTRODUCTION

Development and growth of any society depends on the effectiveness of its governance, while effectiveness of governance is the provision of basic and social infrastructure by Government. Governments therefore, needs source of fund to provide this infrastructure, the most reliable medium through which monies are sourced is through taxation. The individuals are expected to discharge their civic responsibility by paying their taxes as these would make the government generate revenue to discharge its responsibilities. Taxation as defined by Ogundele (1999) is the process or machinery by which communities or group persons are made to contribute in some agreed quantum and method for the purpose of the administration and development of the society. Mustapha, Kumshe and Anaso (2017) defined taxation as a compulsory exaction of money from public, by a public authority and for public purposes. There are different types of taxes administered in Nigeria, namely Capital Gain Tax (CGT), Company Income Tax (CIT), Personal Income Tax (PIT), Petroleum Profit Tax (PPT) and Value Added Tax (VAT)

Personal Income Tax is the form of tax imposed on individuals' livelihood income either earned income (like salaries and trade income) and unearned income (like rent and dividend received). While its process of collection is divided into: Pay as you earn (PAYE) for employed individuals; and direct assessment for self-employed individuals, however Boko Haram insurgency is a serious challenge of insecurity devastating both population and governance, therefore, taxation may not be exceptional. Personal income tax remains problematic among taxation in Nigeria. The problem emanates from deliberate act of avoiding tax by the individuals resulting to influencing series of policy reviews and amendments to the Personal Income Tax Act. However, authorisation and enforcement of PIT policy depends largely on effective and efficient tax administration environment which involve coming together of stakeholders that is, the government, tax collectors and the individuals (Ogundele, 1999; Akhidime & Abusonwan 2013; Kumshe, Mustapha & Imam 2014).

In Maiduguri Metropolis, the insurgency has been a challenges on both fiscal policy administration and economic activities resulting to demand for resuscitation and rehabilitation of human and physical economic resources as well as loss of potential taxpayers to the insurgency through death, abduction and relocation to other parts of the country or internally displaced persons (IDPs) Camps. Therefore, there may be PIT administration problems which include assessment of tax liabilities under fearful condition;

fear for the unknown happenings during business hour and unnecessary closure during working hours and possible relocations of business premises. Studies like Kayaga (2007) suggests that insecurity affects tax administration while Kumshe, et al (2014) is of the view that Borno State Internal Revenue Service is effective in administering Amendments to PIT Act 2011. Whilst empirical clear argument to support existing literature evidence holding the Boko Haram insurgency to tax performance in Borno remains a wide research gap. To contribute to this gap therefore, this study examines the effects of Boko Haram insurgency on the administration of P I T among medium scale Entrepreneur in Maiduguri Metropolis and environment, Borno State.

The main objective of this study is to examine the effect of Boko Haram insurgency on the administration of Personal Income Tax among medium scale Entrepreneurs in Maiduguri Metropolis Borno State. While the specific objectives are to: examine the effect of Boko Haram insurgency on their PIT assessment; assess the effect of Boko Haram insurgency on the level of their PIT payment; assess the effect of Boko Haram insurgency on remittances of their PIT by the tax collectors to the Revenue Authority; and compare the administration of PIT between pre and during Boko Haram insurgency among medium scale entrepreneur in Maiduguri Metropolis. To accomplish the set objectives for the research, the research questions raised was Does Boko Haram insurgency have significant effect on the PIT administration for medium scale Entrepreneurs in Maiduguri Metropolis? While the hypothesis tested was; Boko Haram insurgency has no significant effect on PIT administration for micro, small and medium scale Entrepreneurs in Maiduguri Metropolis.

Studies exploring on effectiveness and efficiency of PIT administration during Boko Haram insurgency is important to the government, general public and academia as it serves as source of literature. The government may find useful information on effects of Boko Haram insurgency on PIT administration as it explained on effects of insurgency on PIT assessment, PIT collection and remittance of PIT by collectors and proffering better administrative approach to the challenges will be useful in budgeting for revenue as well as expenditure estimates. The general public will be enlightened by the study that is, through suggestions of better ways of communication with the tax authority despite the Boko Haram insurgency challenges. While scholars and students may find it beneficial, as it contributes to the existing body of literature on the topic, professionals and business owners might also see the literature beneficial.

2. LITERATURE REVIEW

2.1 Conceptual Framework

Taxation as source of income to government

Government requires fund to execute its programmes, as mentioned earlier Taxation is one of the source available. Akanle, (1991), defines tax as “a compulsory levy imposed on a subject or upon his property by the government having authority over him”. These definitions indicate that taxation is compulsory contribution for the taxable citizenry. While Mustapha, et. al. (2017) defined taxation as a compulsory exaction of money by a public authority for public purposes. It can be inferred that the payment of tax will in turn be beneficial to the entire citizenry and that taxation is a compulsory exaction of money from the public by a public authority for public purposes. Inference from the above authors is that taxation is certain and specified in percentage of individual’s income to be compulsorily contributed to the government toward provision of basic and social amenities.

There are several classification of Taxation but the study will consider direct and indirect classification; Direct taxes is levied directly on the income and property of individuals and companies, paying directly to the Government by the persons on whom it is imposed often accompanied by a tax return filed by the taxpayer (Osemeke, 2010). The idea is, the burden of direct tax is not usually shifted on the ground that is to another party. Historically, developing countries have had significant compliance problems due to lack of awareness among taxpayers of the need to comply with tax laws, high compliance costs, arbitrariness of assessment and corruption, making tax-payers unwilling to comply voluntarily, and poor enforcement due to external challenges like security threat (Kayaga 2007). Administration of income tax in Nigeria as in some other developing countries is characterized by low compliance level and despite Nigeria’s human and natural endowment as well as economic potentiality, the country has continued to record one of the lowest tax compliance level in Africa (CITN, 2010). Furthermore, tax administration is coupled with challenges of insurgency being unleashed by the fundamentalist group, Boko Haram has heightened fears among the populace and tax collectors.

Personal Income Tax in Nigeria

Personal Income Tax is considered the oldest form of tax in the country. It was first introduced as a community tax in northern Nigeria in 1904, before the unification of the country in 1914, and was later implemented through the Native Revenue Ordinances to the

western and eastern regions in 1917 and 1928, respectively, among other amendments in the 1930s and was later incorporated into Direct Taxation Ordinance No.4 of 1940. The need to tax personal incomes throughout the country prompted the Income Tax Management Act (ITMA) of 1961 (Akanle, 1991). Personal income tax for the salary earners is based on pay as you earn (PAYE) system and several amendments have been made to the Tax Acts in order to have the ITMA 1961. The history of personal income tax law in Nigeria always acknowledges the Raisman Commission of 1957, the recommendations of which were incorporated into 1960 constitution and later to the ITMA 1961, (Akhidime & Abusonwan, 2013).

PIT Act has witness series of amendments for been unsatisfactory, this problem is more predominant with employed individuals than it is with salary earners, where voluntary compliance is a challenge among individuals engaged in entrepreneurship and this wilful default manifests in tax avoidance and delayed payments, making claims in several excuses, among others. The incidences of tax avoidance are of professionals under the guise of tax planning (Adinkrah, 1984; Osemeke, 2010; Salami, 2011; & Kumshe, et al 2014). Having discussed the tax system we will look at what consist income to be taxed.

Taxing an individual is necessary when he qualified to have either or both of earned and unearned. Unearned income is all amount of income other than salaries, wages, and other amounts received as pay for work actually performed or commercial activity carried on. It includes taxable interest, dividends, capital gains (including capital gain distributions), the taxable part of social security and pension payments, certain distributions from trusts, and unemployment compensation, unearned income includes amounts produced by assets the individual obtained with earned income (such as interest on a savings account into which the individual deposited wages) (Publication 929, 2017) what is not unearned is then earned income because there is no third option. Taxation for self-employed individuals falls under direct assessment which is not deducted at source like the PAYE, however, not all of the income are subjected to tax there are some reliefs and allowances as contain in the PIT Act 2011.

The CBN communiqué No 69 of the special monetary policy committee meeting of April 15, 2010 acknowledged the existence of several definitions of MSMEs. One of such definitions/classifications states that an enterprise that has an asset base (excluding land) of below N5 million is ‘micro’, between N5 million to N10 million ‘small’ N11 million to N 500 million ‘medium’ and labour force of 1 to 5, 6 to 10, and 11 to 300 belongs to the Micro,

Small and Medium Scales Enterprises sub-sector respectively. Therefore, Micro, Small and Medium Scale Enterprises in this research goes in line with CBN definition of MSMEs.

2.2 Empirical Studies

This section of the study examines empirical work of previous study conducted on relevant areas in accordance specific objectives of tax assessment; tax collection; and tax remittance as well as the independent variable.

Tax Assessment

Sharma and Yurcik (2004) examine security assessment of E-Tax filing websites of the USA Inland Revenue Service and the State Boards of Revenue, concludes that users become more confident about the security of the system when they see visible security. This research was in USA While Naiyeju (2010) pointed out that most of the tax authorities in Local Government lack the desired institutional capacity to administer tax system effectively. The bulk of tax today is paid by only the employees and less privileged individuals in the state. Politicians, the rich, the professionals and the privileged individuals are not equitably taxed. Likewise Enahoro and Olabisi (2012) examine the overall effectiveness of tax administration in Lagos State, Nigeria. Using survey questionnaires sampled 130 staff directly engage in tax administration of five local governments, found tax administration is not totally efficient. Recommends better administration of tax assessment process. This research uses only staff no.

Furthermore, Akhidime and Abusonwan (2013) examine Nigeria Personal Income Tax (Amendment) Act 2011 and its implications for Tax Administration and Enforcement critically reviewed the implications of the Act as it affects personal income tax administration. They concluded that, education and enlightenment of employers and tax payers are imperative. While Okello (2014) examine managing Income Tax Compliance through Self-Assessment says modern tax administrations seek to optimize tax collections while minimizing administration costs while experience shows that voluntary compliance is best achieved through a system of self-assessment. This observe self-assessment programme. These literatures provide either methodological, regional no objective gab. Therefore, this study will examine effect of insurgency on tax assessment process among medium entrepreneurs.

Tax Collection

Plumley (1996) examines individual compliance in the USA and found that taxpayers' filing and reporting compliance are inversely related with the unemployment rate and there is also an evidence of credit constraints reduce taxpayer compliance. Likewise, Odusola (2002) is of the opinion that the tax administration in Lagos State is similar to what obtains in other parts of the country. The incessant review of revenue capacity of all revenue units is a major challenge which has impacted negatively on efficient collection of tax. Brondolo (2009) examines strategy and measures for responding to challenges of global financial and economic crisis by tax administration. Reviewed theoretical and empirical studies and found that economic activity and taxpayer compliance have inverse correlation.

Enahoro and Olabisi (2012) opine that tax collections should be left in the hands of private organisations. Because the authority lacks either capacity or courage to effectively administer collection of taxes. Adenugba (2013) assesses the effect of internal revenue generation on infrastructural development. Uses of survey sampled only knowledgeable 50 respondents from Lagos State Inland Revenue Office, found that, there is a positive relationship between internally generated revenue and infrastructural development. Similarly these literatures provide methodological, regional or objective gab. Therefore, this study will assess the level insurgency effect among medium entrepreneurs on the ability to discharging their civic obligation of paying tax.

Tax Remittance

Abiola and Asiweh (2012) examine Nigerian Tax administration and its capacity to reduce tax evasion. Used 121 online survey questionnaires, found among other things that increasing tax revenue is a function of effective enforcement strategy. While Uhunmwangho and Aibieyi (2013) examine various sources of revenue generation as well as the problems of revenue generation in Nigeria by reviewing relevant prior works. The study revealed that local government in Nigeria have several challenges including corrupt attitude of some revenue collectors. Similarly these literatures provide either methodological, regional or objective gab. Therefore, this study will assess the extent of Boko Haram insurgency challenge on PIT remittance process of medium entrepreneurs' taxes.

Effect of Boko Haram Insurgency on tax administration process

Rai (2004) examines challenges in tax collection faced by developing economies using India as a model and discusses the ways and means to reduce trouble economy and to improve tax compliance for better collection of revenue finally proposes the establishment of a dispute

resolution system in developing economies similar to that of the United States for speedy and fair settlement of taxation disputes. Kayaga (2007) examines the pros and cons of changes made to the tax system in Uganda and assesses the extent to which they can solve the deficit dilemma. In particular, it demonstrates that Uganda's approach to tax policy does not take into consideration prevailing domestic social phenomena of the ongoing civil war in Northern Uganda, barriers to effective tax administration and other issues all of which are rapidly eroding the tax base. Recommends tax education and computerisation of the process as solution to address these systemic problems. Asur and Nkereuwem, (2013), examine challenges of taxpayers' non-compliance in Borno state with the objectives of examining the factors determining tax payers' compliance. They used data from both primary and secondary source, however, most of the data were collected from publications of the revenue service and a survey of some officials of the board. Concludes by identifying; Boko Haram Insurgency, multiple taxation, tax payer's ignorance, lack of political will, low level of education of the tax officials and negative perception by the tax payers as problems of tax compliance in Borno State.

Ewi and Salifu (2017) observe key reason youths join Boko Haram "a policy brief" found perception that financial incentives, not religion, are a key motivator for individuals who join Boko Haram. Adebisi, Azeez and Oyedele (2017) appraisal effects of Boko Haram insurgency on the agricultural sector of the Nigerian business environment. Used time series analyse secondary data before and during insurgency. Found agricultural valued addition to the GDP was highly affected during period of insurgency. Recommends that Government should take legal and justifiable action to ensure that the ills caused by Boko Haram to the agricultural sector are arrested and farmers encouraged with better incentives to go back to farm. These are empirical evidence creating and justifying the studies.

Theoretical framework

Institutional theory: Meyer and Rowan (1977) theorised that an organisation's survival, efficient and effective production requires it as much to conform to societal acceptable practice. Therefore it must stabilised by build gab between its policy and external environment, they distinguished process from outcome.

Legitimacy Theory: Davis (1973) says that for business retain its social role and it must society its needs. This has been stated as the Iron Law of Responsibility (legitimacy theory).

Perceptions of legitimacy, a firm may respond to public policy changes by increased compliance with the public policy at question.

Compliance Theory: March and Olsen 1998 are of the view that compliance are in two models: Rationalist model that focus on deterrent enforcement as a means to prevent and push non-compliance by redefining the benefit and cost of the stakeholders. Normative model that focus on cooperation and compliance assistance as a means to prevent non-compliance. Institutional theory suggestions are more relevant to effects of Boko Haram insurgency in PIT administration, because the characteristics of the PIT administration ranges from individualism, dependence on environmental force and Accounting information to local orientation. Therefore, the research work uses institutional theory as a guide to underpin the research objective.

RESEARCH METHODOLOGY

Maiduguri Metropolis is the study area and consist of the Maiduguri Metropolitan council, some parts of Jere, some parts of Konduga and some parts of Mafa local government areas. It serves as the state capital of Borno state and has road linking to neighbouring countries of Chad, Cameroon and Niger Republics as well as all neighbouring states which makes important commercial centre for both local and international business, hence, the establishment of some area offices for convenient operation. The study population is 310 categorised into two: 110 staff of the Borno State Internal Revenue Service and 200 medium scale entrepreneur paying above N100,000 as annual PIT.

The study considers a sample size of 155 respondents by using Collins and Schultz (1995) formula, representing 50% each category of the population. While the sampling technique was stratified purposive random sampling, the population was divided into strata of staff and medium scale entrepreneur while purposive selected Maiduguri metropolis area staff medium scale entrepreneurs paying above N100,000 because they are more vulnerable to the effect, and randomly administered the questionnaires adapted and modified from Akinniyi, Mustapha and Jeroh (2015) find attached as appendixes I and II. Choice of responses were element of the research while revenue area offices were the groups of responses. The secondary source were relevant statistical records of the revenue area offices and the central office. The period of study is divided is from 2006 to 2017 fiscal years categorised into pre and during like Adebisi, Azeez and Oyedele (2017) categorisation because up to now some revenue area offices in the state are not open for operations.

DATA PRESENTATION AND ANALYSIS

Table 1 shows 100 copies of questionnaires administered among entrepreneurs, T25 unit gets 32% while other 4 groups got 17% on the average, the variation in the size of selected respondents was premised by the fact that T25 comprises of large PIT payers irrespective of their area of business meaning, almost one-third of the entrepreneur were assessed among the T25 revenue unit. The research succeeded in obtaining 94% responses valid responses meaning the finding is realistic, considering various outcome 6% invalid responses was found to be insignificant. While Table 2 shows 55 copies of questionnaires administered among revenue staff each group gets equal amount and succeeded in obtaining 100% valid responses. While the acronyms T25 stands for special unit for large PIT; MU stands for Maiduguri revenue area Unit; BU1 stands for Bolori revenue area Unit; CU stands for Custom revenue area Unit; BU2 stands for Bulumkutu revenue area office; and bwn % stands for % between the various groups of responses.

Table 1 Response Rate of Questionnaire Issued on entrepreneurs

| Groups | Respondents | | | | | |
|--------------|-------------|-------------|--------------------|-------------|------------------------|-------------|
| | Issued | % bwn | Correctly returned | % bwn | Not Returned/ Excluded | % bwn |
| T25 | 32 | 32% | 31 | 33% | 1 | 17% |
| MU | 17 | 17% | 16 | 17% | 1 | 17% |
| BU1 | 17 | 17% | 16 | 17% | 1 | 17% |
| CU | 18 | 18% | 17 | 18% | 1 | 17% |
| BU2 | 16 | 16% | 14 | 15% | 2 | 33% |
| Total | 100 | 100% | 94 | 100% | 6 | 100% |

Source, Field Survey, (2018)

Table 2 Response Rate of Questionnaire Issued on Revenue Staff

| Groups | Respondents | | | | | |
|--------------|-------------|-------------|--------------------|-------------|------------------------|----------|
| | Issued | % bwn | Correctly returned | % bwn | Not Returned/ Excluded | % bwn |
| T25 | 11 | 20% | 11 | 20% | - | - |
| MU | 11 | 20% | 11 | 20% | - | - |
| BU1 | 11 | 20% | 11 | 20% | - | - |
| CU | 11 | 20% | 11 | 20% | - | - |
| BU2 | 11 | 20% | 11 | 20% | - | - |
| Total | 55 | 100% | 55 | 100% | - | - |

Source, Field Survey, (2018)

Effect of Boko Haram Insurgency on PIT Assessment for Medium Scale Entrepreneurs

Research objective one is examine effect of Boko Haram insurgency on PIT assessment on medium scale entrepreneurs. Table 3 shows average scores of responses to questions 1 to 5 of appendixes I and II While various levels of responses are considered as opinion expressed. 1, 2 and 3 stands for low, moderate and high effects of Boko Haram insurgency respectively.

This is to enable descriptive analyses of variations in opinion expressed by respondents within each group and variation of responses from respondents of various groups. Table 3 presents effect of Boko Haram insurgency on assessment PIT of medium scale entrepreneurs.

Table 3 Effect of Boko Haram insurgency on PIT assessment process for entrepreneur

| Groups | Opinions | | | | | | Total | % |
|--------------|-----------|------------|-----------|------------|-----------|------------|------------|--------------|
| | 1 | 2 | 3 | | | | | |
| NoR | %wtm | NoR | %wtm | NoR | %wtm | | | |
| T25 | 9 | 21% | 19 | 45% | 14 | 34% | 42 | 100 |
| MU | 6 | 22% | 10 | 37% | 11 | 41% | 27 | 100 |
| BU1 | 8 | 30% | 14 | 52% | 5 | 18% | 27 | 100 |
| CU | 5 | 18% | 15 | 53% | 8 | 29% | 28 | 100 |
| BU2 | 9 | 36% | 13 | 52% | 3 | 12% | 25 | 100 |
| Total | 37 | 25% | 71 | 48% | 41 | 27% | 149 | 100 % |

Source, Field Survey, (2018)

The study observed the displayed opinion variation among various groups of respondents. Total of the responses provided were: 41 (27%) said there is high effect of insurgency on the assessment PIT, meaning assessment of PIT is not even possible; 71 (48%) were of the view that, there is effect on assessment but moderate, meaning PIT assessment is challenged to be not realistic; and 37 (25%) opted that, the effect on assessment is minimal, meaning PIT assessment is possible. This outcome claims that (27% high effect and 48% moderate effect) 75% of PIT assessment before the Boko Haram insurgency is affected by the insurgency during the period. To confirm this claim, the research observed assessment and collections, prior and during the period to examine the resulted differences, as contained in table 4. Table 4 shows that PIT collection self-employed taxpayer during the period of insurgency drops, from an average of N50,000,000 to an average of N16,000,000 indicating almost 68% decrease in collection between the two periods.

Table 4 Summarised Statistical Data

| | Average collection prior to insurgency | Average collection during insurgency |
|---------------------------------------|--|--------------------------------------|
| Direct assessment (Self-employed tax) | N50,000,000 | N16,000,000 |
| PAYE | N2,700,000,000 | N2,200,000,000 |

Source, BSIRS statistics from 2006 to 2016

Table 4 was obtained following a request for statistical data from the Borno state internal revenue service, specified that “Data is being gathered for an academic exercise and records accessed will be used strictly for academic purpose and will be treated with utmost confidentiality” The authority furnished the research the summary of collection from 2006 to 2016 however, the useful part to the research were Head 401 Sub-Head 1 & 2 that is PAYE

and Direct Assessment (self-employed tax) collection. Therefore, data presented in table 4 were around to the nearest tenth average of their respective periods.

Effect Insurgency on Collection of PIT from Medium Scale Entrepreneurs

The second objective is to; assess effect of Boko Haram insurgency on collection of personal income tax from medium scale entrepreneurs. The table contains average responses for question 6 to 8 of appendixes I and II. Various levels of responses are considered as opinion expressed by various respondents with respect to the process indicators of PIT collection exercise so as to enable descriptive analyses of variations in opinion expressed by respondents within each group and variation of responses from respondents of various groups. Table 5 shows effect of Boko Haram insurgency on collection of personal income tax from medium scale entrepreneurs.

Table 5 Effect Boko Haram insurgency no collection of PIT from Entrepreneur

| Groups | Opinions | | | | | | Total | % |
|--------|----------|------|-----|------|-----|------|-------|-------|
| | 1 | | 2 | | 3 | | | |
| | NoR | %wtm | NoR | %wtm | NoR | %wtm | | |
| T25 | 9 | 21% | 18 | 43% | 15 | 36% | 42 | 100 |
| MU | 6 | 22% | 10 | 37% | 11 | 41% | 27 | 100 |
| BU1 | 8 | 30% | 14 | 52% | 5 | 18% | 27 | 100 |
| CU | 5 | 18% | 15 | 53% | 8 | 29% | 28 | 100 |
| BU2 | 8 | 32% | 13 | 52% | 4 | 16% | 25 | 100 |
| Total | 36 | 24% | 70 | 47% | 43 | 29% | 149 | 100 % |

Source, Field Survey, (2018)

The research observes the displayed opinion variation among various groups of respondents. Total of the responses provided were: 43 (29%) opted for, there is high effect of insurgency on the collection exercise of PIT, means PIT collection is not possible; 70 (47%) were of the view that, there is effect of insurgency on collection exercise but moderate, meaning PIT collection exercise is challenging; and 36 (24%) opted that, the effect on collection is minimal, meaning PIT assessment is possible. This result is of the view that (29% high effect and 47% moderate effect) 76% of PIT collection before the Boko Haram insurgency is affected by the insurgency during the period. This is further confirmed by the observation on assessment and collections, prior and during the period which reveals, as contained in table 4 showing that PIT collection self-employed taxpayer during the period of insurgency drops, from an average of N50,000,000 to an average of N16,000,000 indicating almost 68% decrease in collection between the two periods.

Effect of Boko Haram insurgency on the extent of Effective PIT remittances

The third objective is to assess the extent of Boko Haram insurgency effect on remittances PIT collection from medium scale entrepreneurs. Table 6 contains average responses for questions 9 to 11 of appendix II. Various levels of responses are considered as opinion expressed by various respondents with respect to the process indicators of PIT collection exercise so as to enable descriptive analyses of variations in opinion expressed by respondents within each group and variation of responses from respondents of various groups. Table 5 shows effect of Boko Haram insurgency on remittance of PIT from medium scale entrepreneurs.

Table 6 Effect of Boko Haram insurgency on the extent of Effective PIT remittances

| Groups | Opinions | | | | | | Total | % |
|--------|----------|------|-----|------|-----|------|-------|-------|
| | 1 | | 2 | | 3 | | | |
| | NoR | %wtn | NoR | %wtn | NoR | %wtn | | |
| T25 | 5 | 45% | 5 | 45% | 1 | 10% | 11 | 100 |
| MU | 1 | 10% | 5 | 45% | 5 | 45% | 11 | 100 |
| BU1 | 3 | 27% | 6 | 55% | 2 | 18% | 11 | 100 |
| CU | 3 | 27% | 5 | 46% | 3 | 27% | 11 | 100 |
| BU2 | 3 | 27% | 6 | 55% | 2 | 18% | 11 | 100 |
| Total | 15 | 27% | 27 | 49% | 13 | 24% | 55 | 100 % |

Source, Field Survey, (2018)

The research observes the displayed opinion variation among various groups of respondents. Total of the responses provided were: 13 (24%) opted for, there is high effect of insurgency on the collection exercise of PIT, means PIT remittance might be interrupted; 27 (49%) were of the view that, there is effect of insurgency on remittances but moderate, meaning PIT remittance is challenging; and 15 (27%) opted that, the effect on remittance is minimal, meaning PIT assessment is possible. This result is of the view that (24% high effect and 49% moderate effect) 73% of PIT collection before the Boko Haram insurgency is affected by the insurgency during the period. This is further confirmed by the observation on assessment and collections, prior and during the period which reveals, as contained in table 4 showing that PIT collection self-employed taxpayer during the period of insurgency drops, from an average of N50,000,000 to an average of N16,000,000 indicating almost 68% decrease in collection between the two periods. Therefore this research is of the view that extent of Boko Haram insurgency effect on PIT administration on Maiduguri Metropolis and environment is 68%.

Test of Hypothesis

The hypothesis tested is “there is no significant effect of Boko Haram insurgency on PIT administration process of medium scale entrepreneurs”. Appendix III was used in taking

average tables 3, 4 and 5 to generate data in respect of Boko Haram insurgency effects on PIT administration on medium scale entrepreneurs. While the various levels of responses are considered as opinion expressed by various respondents with respect to the process indicators of PIT administration exercise so as to enable test of the hypothesis.

Table 7 Effect of Boko Haram insurgency on PIT for medium scale entrepreneur

| <i>Source of Variation</i> | <i>SS</i> | <i>Df</i> | <i>MS</i> | <i>F</i> | <i>P-value</i> | <i>F crit</i> |
|----------------------------|-----------|-----------|-----------|-----------|----------------|---------------|
| Group opinion | 31.066667 | 4 | 7.7666667 | 0.2191397 | 0.040499 | 3.837853 |
| Individual opinion | 754.4 | 2 | 377.2 | 10.642853 | 0.017551 | 4.45897 |
| Error | 283.533 | 8 | 35.441625 | | | |
| Total | 1069 | 14 | | | | |

Source, Computed by research, (2018)

The research used Analysis of Variance in analysing variation to PIT administration contain in appendixes I and II. The result obtained indicates that, individual opinion shows PIT administration is significantly affected by Boko Haram insurgency. This is inferred from the result and properties of the analysis of variance individual opinion, which revealing *f value of 10.6429 > f crit value 4.4590* at significance of *p value 0.0176*. While the *f* value and *f* critical value properties are testimony to the significance of Boko Haram insurgency effects coefficient, the *p*-value confirm the adequacy of the level of confidence. It is therefore, found that PIT administration is affected by Boko Haram insurgency. Thus, the null hypothesis which saying “there is no significant effect of Boko Haram insurgency on PIT administration of medium scale entrepreneur” could not be accepted. The finding is in line with the expectation of institutional theory which says organisation's survival depends much on its conformity to societal norms of acceptable practice (security of life and property is number one interest of both entrepreneurs and tax collectors), as to achieve high levels of efficiency and effectiveness, and in agreement with Enahoro and Olabisi (2012) and Kayaga (2007) who said there is effect insurgency on PIT administration.

CONCLUSION AND RECOMMENDATIONS

The research concludes that: though 75% of PIT assessment process; 76% collection exercise; and 73% of remittance process were affected by the Boko Haram Insurgency, it resulted in reducing 68% of the collection. This means Tax Assessment and collection are more affected, while for the remittance it is appreciable considering the level of the effects on

assessment and collection. The study recommends that, Borno State Internal Revenue Service should try to ensure that every system of assessment process works effectively and possibly fully automated it could overcome physical interference of the Boko Haram insurgency into the assessment process; ensure automation of collection and remittance; provide means that encourages self-compliance, like taxpayer education and dialogue and providing and identifying some projects to be specifically executed with taxpayers' money.

Limitations of the Study

The research is not free from limitations, its limitations includes:

- i. The study was limited to Maiduguri Metropolis and environment that is Maiduguri, some parts of Jere, Konduga and Mafa Local Governments were considered, also opinion of only revenue staff and medium scale entrepreneurs within Maiduguri Metropolis were considered,
- ii. The study only used primary data which were obtained using questionnaire.

Areas for Further Studies

Based on the limitations above, the following suggestions for further studies were proposed:

- i. A further study can be conducted assess the subject matter in other part of the North-East. Such research will not only collaborate the finding of this study but provides tax Administrators, Government and Individual taxpayers with better understanding of the effects of insurgency on tax administration.
- ii. Similarly another study can be carried out using secondary data to contribute to the finding of this study.

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APPENDIX I QUESTIONNAIRE ENTREPRENEURS ONLY

SECTION A: DEMOGRAPHIC DATA

- . Indicate the revenue area office
 - (a) T25 unit []
 - (b) Maiduguri unit []
 - (c) Bolori Unit []
 - (d) Bulumkutu Unit []
 - (e) Custom unit []

SECTION B: TOPICAL DATA

Kindly tick (✓) the box that best represent your opinion for the following factors

| FACTOR | To what extend does Boko Haram insurgency influences these factors of tax administration? | Response opinion | | |
|---------------------|---|------------------|-----------|------|
| | | Low | Modera te | High |
| Assessme nt factors | Taxpayers do file annual return as at when due. | | | |
| | Tax authority do assessment of taxpayers on time | | | |
| | Taxpayers do file annual assessment by themselves as at when due | | | |
| | Instances of revised and amended assessments. | | | |
| | Instances of base judgement (BOJ) assessment. | | | |
| Collectio n factors | Self-remittance of tax liabilities as at when due by personal income taxpayers. | | | |
| | Tax collectors do visit taxpayers for collection as at when due. | | | |
| | Taxpayers default to pay their tax liability as at when due by personal income taxpayers | | | |

APPENDIX II
QUESTIONNAIRE
REVENUE STAFF ONLY

SECTION A: DEMOGRAPHIC DATA

- Indicate the revenue area office
 - (a) T25 unit []
 - (b) Maiduguri unit []
 - (c) Bolori Unit []
 - (d) Bulumkutu Unit []
 - (e) Custom unit []

SECTION B: TOPICAL DATA

Kindly tick (✓) the box that best represent your opinion for the following factors

| FACTOR | To what extend does Boko Haram insurgency influences these factors of tax administration? | Response opinion | | |
|---------------|---|------------------|-----------|------|
| | | Low | Moderat e | High |
| Assessm ent | Taxpayers do file annual return as at when due. | | | |

| | | | | |
|--------------------|--|--|--|--|
| factors | Tax authority do assessment of taxpayers on time | | | |
| | Taxpayers do file annual assessment by themselves as at when due | | | |
| | Instances of revised and amended assessments. | | | |
| | Instances of base judgement (BOJ) assessment. | | | |
| Collection factors | Self-remittance of tax liabilities as at when due by personal income taxpayers. | | | |
| | Tax collectors do visit taxpayers for collection as at when due. | | | |
| | Taxpayers default to pay their tax liability as at when due by personal income taxpayers | | | |
| Remittance factors | There are instances of calls instructing to returned collections to taxpayers | | | |
| | There are instances of attacks after collection from taxpayers | | | |
| | There are instances of money demand out the collection | | | |

APPENDIX III

Effect of Boko Haram insurgency on the administration PIT for medium scale entrepreneur

| Groups | Opinions | | | Total |
|--------|----------|-------|-------|-------|
| | NoR 1 | NoR 2 | NoR 3 | |
| T25 | 8 | 14 | 10 | 32 |
| MU | 4 | 8 | 9 | 21 |
| BU1 | 6 | 11 | 4 | 21 |
| CU | 4 | 12 | 6 | 22 |
| BU2 | 7 | 11 | 3 | 21 |
| Total | 29 | 56 | 32 | 117 |

Source, Field Survey, (2018)